



Ramotshere Moiloa Local Municipality
Annual Financial Statements
for the year ended 30 June 2018

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

General Information

Legal form of entity	Municipality
Mayor	Cllr P.K Mothoagae
Speaker	Cllr T.R Moiloa
Executive Council	Cllr B Mooketsi (Technical Services) Cllr A.N Nyamane (LED and Planning) Cllr M.F Rajan (Corporate Services and Finance) Cllr P.K Mothoagae (Chairperson) Cllr B Pheloane Cllr M.N Tshikovhi
Councillors	Cllr K.I Manthoko Cllr B Kenosi Cllr S Rantwa Cllr B Monamodi Cllr D Moabi Cllr O Modirwa Cllr J Pule Cllr L Motsokwane Cllr U Morake Cllr R Mogorosi Cllr L Selebogo Cllr P Molefe Cllr N Molokwane Cllr P Madisa Cllr I Moloantoa Cllr L Mosadi Cllr J Mafora Cllr S Thembo Cllr T.J Morebantwa Cllr A.B Cassanga Cllr S.F Ngweye Cllr S.I Modibetsane Cllr C Dreyer Cllr I.S Suliman Cllr T.N Sapala Cllr M.N Motladile Cllr R.S.B Phetwe Cllr L Selebogo Cllr N.T Moroeng Cllr K Venter Cllr G.S Motswenyane Cllr T.B Sebolao
Grading of local authority	3
Accounting Officer	R.T Phakalane
Chief Finance Officer	R.A Morris

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

General Information

Business address	C/o President & Coetzee Street Zeerust 2865
Postal address	P O Box 92 Zeerust 2865
Bankers	First National Bank
Auditors	Auditor General South Africa
Website	www.ramotshere.gov.za

Ramotshere Moiloa Local Municipality

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Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

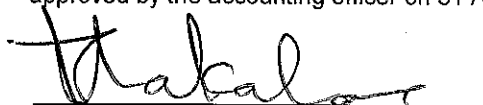
The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 5 to 62, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2018 and were signed on its behalf by:



R.T Phakalane
Accounting Officer

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2018.

1. Review of activities

Main business and operations

The municipality main business is the provision of services to the community in line with Part B of Schedule 4 and Part B of Schedule 5 of the Constitution. The municipality provides services in Zeerust, Lehurutse and Groot Marico.

Net surplus of the municipality is R 13,992,537 (2017: deficit R 39,562,956).

2. Going concern

The annual financial statements have been prepared on the going concern basis. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent events

There are no significant events subsequent to the reporting period.

4. Accounting policies

The annual financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice and the requirements of the Municipal Finance Management Act 2003 (Act NO. 56 of 2003) (MFMA) and the Division of Act South Africa (Act No 2 of 2013) (DoRA).

The annual financial statements are prepared in accordance with the Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality	Changes
M.I Matthews	South African	13 July 2017 - 23 November 2017
S.A Adroos	South African	23 November 2017 - 02 April 2018
R.T Phakalane	South African	15 April 2018 - 30 June 2018
B.G Selebogo	South African	01 August 2018 to date

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Officer's Report

6. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all his activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

Audit and risk committee

The Audit Committee has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The Audit Committee has adopted appropriate formal terms of reference as its Audit Committee Charter, and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Audit Committee, consisting of independent outside members, has met at least four times per annum as per its approved terms of reference, although additional special meetings were held.

The AC reviewed functionality of the performance management system and it appears to be functional, however there is a room for improvement in so far as achievement of planned targets is concerned and submission of portfolio of evidence timeously.

The AC is of the opinion that municipality's risk management appears to be ineffective for the better of the year and material respect, and the municipality did implement a comprehensive risk management strategy and related policies.

7. Auditors

Auditor General South Africa will continue in office for the next financial period.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

	Note(s)	2018 R	2017 Restated* R
Assets			
Current Assets			
Inventories	2	7,020,503	7,893,602
Other financial assets	3	2,325,089	2,111,750
Receivables from exchange transactions	4	698,072	670,313
Receivables from non-exchange transactions	5	11,542,020	6,765,865
Consumer debtors	6	58,247,095	44,832,650
Cash and cash equivalents	7	14,651,208	2,034,746
		94,483,987	64,308,926
Non-Current Assets			
Investment property	8	53,836,358	54,972,872
Property, plant and equipment	9	581,584,006	578,223,324
Intangible assets	10	1,636,043	1,967,100
Heritage assets	11	404,550	404,550
		637,460,957	635,567,846
Total Assets		731,944,944	699,876,772
Liabilities			
Current Liabilities			
Other financial liabilities	12	2,981,233	1,566,890
Finance lease obligation	13	1,798,136	2,807,788
Payables from exchange transactions	14	105,449,999	97,112,278
VAT payable	15	1,229,377	1,461,039
Consumer deposits	16	1,994,904	1,859,033
Employee benefit obligation	17	1,017,714	1,008,000
Unspent conditional grants and receipts	18	3,412,376	2,203,504
Provisions	19	-	586,505
		117,883,739	108,605,037
Non-Current Liabilities			
Other financial liabilities	12	2,956,391	3,718,455
Employee benefit obligation	17	37,213,000	42,118,000
Provisions	19	45,025,000	30,561,000
		85,194,391	76,397,455
Total Liabilities		203,078,130	185,002,492
Net Assets		528,866,814	514,874,280
Accumulated surplus		528,866,814	514,874,280

* See Note 51

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Performance

	Note(s)	2018 R	2017 Restated* R
Revenue			
Revenue from exchange transactions			
Service charges	20	70,065,993	67,985,005
Sale of land		169,650	67,760
Rental of facilities and equipment	21	141,745	305,459
Licences and permits		1,100,121	2,778,840
Miscellaneous other revenue		2,675,920	1,692,097
Interest received - investment	22	1,875,591	613,420
Fair value adjustments		-	8,521
Total revenue from exchange transactions		76,029,020	73,451,102
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	34,942,215	40,473,071
Transfer revenue			
Government grants & subsidies	24	181,620,194	168,002,587
Fines, Penalties and Forfeits		5,575,164	4,994,929
Total revenue from non-exchange transactions		222,137,573	213,470,587
Total revenue	25	298,166,593	286,921,689
Expenditure			
Bulk purchases	26	(45,244,172)	(42,860,444)
Contracted services	27	(9,359,401)	(6,872,066)
Debt Impairment	28	(7,445,962)	(36,052,610)
Depreciation and amortisation	29	(29,169,910)	(31,109,207)
Employee related costs	30	(106,894,854)	(123,792,688)
Finance costs	31	(10,001,226)	(7,334,313)
Lease rentals on operating lease		(583,443)	(639,090)
Remuneration of councillors	32	(12,555,237)	(9,617,716)
Impairment loss/ Reversal of impairments		-	(2,333,318)
Repairs and maintenance		(3,325,017)	(6,275,635)
Loss on disposal of assets and liabilities		(2,577,553)	(588,847)
General Expenses	33	(57,017,281)	(59,008,711)
Total expenditure		(284,174,056)	(326,484,645)
Surplus (deficit) for the year		13,992,537	(39,562,956)

* See Note 51

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Balance at 01 July 2016	554,437,236	554,437,236
Changes in net assets		
Surplus for the year	(39,562,956)	(39,562,956)
Total changes	(39,562,956)	(39,562,956)
Opening balance as previously reported	543,392,008	543,392,008
Adjustments		
Prior year adjustments	(28,517,731)	(28,517,731)
Restated balance at 01 July 2017	514,874,277	514,874,277
Changes in net assets		
Surplus for the year	13,992,537	13,992,537
Total changes	13,992,537	13,992,537
Balance at 30 June 2018	528,866,814	528,866,814

* See Note 51

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Cash Flow Statement

	Note(s)	2018 R	2017 Restated* R
Cash flows from operating activities			
Receipts			
Service charges & rates		84,147,801	76,946,647
Grants		182,829,066	168,429,493
Interest income		1,875,591	613,420
Other receipts		4,887,522	5,648,401
		<u>273,739,980</u>	<u>251,637,961</u>
Payments			
Employee costs		(134,860,920)	(131,676,802)
Suppliers		(88,089,012)	(78,263,292)
Finance costs		(5,286,226)	(3,348,313)
VAT payments		-	(6,249,865)
		<u>(228,236,158)</u>	<u>(219,538,272)</u>
Net cash flows from operating activities	35	45,503,822	32,099,689
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(33,593,946)	(37,732,998)
Proceeds from sale of property, plant and equipment	9	-	42,774
Proceeds from sale of investment property	8	1,052,631	-
Purchase of other intangible assets	10	(124,543)	(1,258,943)
Net movements in financial assets		-	172
Net cash flows from investing activities		(32,665,858)	(38,948,995)
Cash flows from financing activities			
Repayment of long term liabilities		652,279	(860,847)
Finance lease payments		(1,009,652)	2,807,788
Consumer deposits		135,871	182,978
Net cash flows from financing activities		(221,502)	2,129,919
Net increase/(decrease) in cash and cash equivalents		12,616,462	(4,719,387)
Cash and cash equivalents at the beginning of the year		2,034,746	6,754,133
Cash and cash equivalents at the end of the year	7	14,651,208	2,034,746

* See Note 51

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	104,723,451	(22,669,902)	82,053,549	70,065,993	(11,987,556)	50.1
Sale of land	-	-	-	169,650	169,650	50.2
Rental of facilities and equipment	366,931	(228,731)	138,200	141,745	3,545	
Licences and permits	11,201,040	-	11,201,040	1,100,121	(10,100,919)	50.3
Miscellaneous other revenue	13,891,015	(255,824)	13,635,191	2,675,920	(10,959,271)	50.4
Interest received - investment	910,000	-	910,000	1,875,591	965,591	50.5
Total revenue from exchange transactions	131,092,437	(23,154,457)	107,937,980	76,029,020	(31,908,960)	

Revenue from non-exchange transactions

Taxation revenue

Property rates	44,069,375	2,455,598	46,524,973	34,942,215	(11,582,758)	
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Transfer revenue

Government grants & subsidies	202,058,000	(8,400,000)	193,658,000	181,620,194	(12,037,806)	50.6
Fines, Penalties and Forfeits	601,500	(1,500)	600,000	5,575,164	4,975,164	50.7

Total revenue from non-exchange transactions	246,728,875	(5,945,902)	240,782,973	222,137,573	(18,645,400)	
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Total revenue	377,821,312	(29,100,359)	348,720,953	298,166,593	(50,554,360)	
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Expenditure

Employee Related Costs	(120,699,293)	(602,337)	(121,301,630)	(106,894,854)	14,406,776	50.8
Remuneration of councillors	(13,724,507)	(1,182,479)	(14,906,986)	(12,555,237)	2,351,749	
Depreciation and amortisation	(30,000,000)	1,325,025	(28,674,975)	(29,169,910)	(494,935)	
Finance costs	(580,000)	130,000	(450,000)	(10,001,226)	(9,551,226)	50.9
Debt impairment	(22,500,000)	2,500,000	(20,000,000)	(7,445,962)	12,554,038	50.10
Bulk purchases	(40,800,000)	(100,000)	(40,900,000)	(45,244,172)	(4,344,172)	50.11
Contracted Services	(6,500,000)	(9,849,996)	(16,349,996)	(9,359,401)	6,990,595	50.12
Transfers and Subsidies	(1,091,000)	1,091,000	-	-	-	
Other materials	(12,202,960)	3,773,256	(8,429,704)	-	8,429,704	
Sale of goods/Inventory	-	-	-	-	-	
General Expenses	(63,536,700)	21,535,094	(42,001,606)	(60,925,741)	(18,924,135)	50.13

Total expenditure	(311,634,460)	18,619,563	(293,014,897)	(281,596,503)	11,418,394	
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Operating surplus	66,186,852	(10,480,796)	55,706,056	16,570,090	(39,135,966)	
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Loss on disposal of assets and liabilities	-	-	-	(2,577,553)	(2,577,553)	50.14
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Surplus before taxation	66,186,852	(10,480,796)	55,706,056	13,992,537	(41,713,519)	
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Surplus/(Deficit)	66,186,852	(10,480,796)	55,706,056	13,992,537	(41,713,519)	
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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and budget s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Financial Performance											
Property rates	44,069,375	2,455,598	46,524,973	-	-	46,524,973	34,942,215		(11,582,758)	75 %	79 %
Service charges	104,723,451	(22,669,902)	82,053,549	-	-	82,053,549	70,065,993		(11,987,556)	85 %	67 %
Investment revenue	910,000	-	910,000	-	-	910,000	1,875,591		965,591	206 %	206 %
Transfers recognised - operational	142,025,000	-	142,025,000	-	-	142,025,000	142,307,000		282,000	100 %	100 %
Other own revenue	26,060,486	(486,055)	25,574,431	-	-	25,574,431	9,662,600		(15,911,831)	38 %	37 %
Total revenue (excluding capital transfers and contributions)	317,788,312	(20,700,359)	297,087,953	-	-	297,087,953	258,853,399		(38,234,554)	87 %	81 %
Employee costs	(120,699,293)	(602,337)	(121,301,630)	-	-	(121,301,630)	(106,894,854)	-	14,406,776	88 %	89 %
Remuneration of councillors	(13,724,507)	(1,182,479)	(14,906,986)	-	-	(14,906,986)	(12,555,237)	-	2,351,749	84 %	91 %
Debt impairment	(22,500,000)	2,500,000	(20,000,000)			(20,000,000)	(7,445,962)	-	12,554,038	37 %	33 %
Depreciation and asset impairment	(30,000,000)	1,325,025	(28,674,975)			(28,674,975)	(29,169,910)	-	(494,935)	102 %	97 %
Finance charges	(580,000)	130,000	(450,000)	-	-	(450,000)	(10,001,226)	-	(9,551,226)	2,222 %	1,724 %
Materials and bulk purchases	(53,002,962)	3,673,256	(49,329,706)	-	-	(49,329,706)	(45,244,172)	-	4,085,534	92 %	85 %
Transfers and grants	(1,091,000)	1,091,000	-	-	-	-	-	-	-	DIV/0 %	- %
Other expenditure	(70,036,698)	11,685,098	(58,351,600)	-	-	(58,351,600)	(72,862,695)	-	(14,511,095)	125 %	104 %
Total expenditure	(311,634,460)	18,619,563	(293,014,897)	-	-	(293,014,897)	(284,174,056)	-	8,840,841	97 %	91 %
Surplus/(Deficit)	6,153,852	(2,080,796)	4,073,056	-	-	4,073,056	(25,320,657)		(29,393,713)	(622)%	(411)%

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Appropriation Statement

	Original budget		Budget adjustments (i.t.o. s28 and budget s31 of the MFMA)		Final adjustments (i.t.o. s31 of the MFMA)		Shifting of funds (i.t.o. s31 of the MFMA)		Virement (i.t.o. council approved policy)		Final budget		Actual outcome		Unauthorised expenditure		Variance		Actual outcome as % of final budget		Actual outcome as % of original budget	
	R		R		R		R		R		R		R		R		R		R		R	
Transfers recognised - capital	60,033,000		(8,400,000)		51,633,000		-		-		51,633,000		39,313,194				(12,319,806)		76 %		65 %	
Surplus (Deficit) after capital transfers and contributions	66,186,852		(10,480,796)		55,706,056		-		-		55,706,056		13,992,537				(41,713,519)		25 %		21 %	
Surplus/(Deficit) for the year	66,186,852		(10,480,796)		55,706,056		-		-		55,706,056		13,992,537				(41,713,519)		25 %		21 %	
Capital expenditure and funds sources																						
Total capital expenditure	-		-		-		-		-		-		126,727				126,727		DIV/0 %		DIV/0 %	

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revisions affects only that period of the revision and future periods if the revision affects both the current and future periods. The nature and reasons of the uncertainty, judgement made and the impact to the amounts presented in the financial statements are disclosed in the notes to the annual financial statements. Significant judgements include:

Trade receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Useful lives and residual values of assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

The municipality reviews residual values of assets to determine if there is a change in the amount that the municipality would obtain from disposal of the asset, after deducting the estimated costs of disposal, if that asset was already of the age and condition expected at the end of its useful life.

Post retirement benefits

The present value of the post employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	30 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

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Accounting Policies

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.4 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Buildings	Straight line	20 - 100 years
Plant and machinery	Straight line	3 - 10 years
Furniture and fixtures	Straight line	3 - 10 years
Motor vehicles	Straight line	5 - 10 years
Office equipment	Straight line	3 - 10 years
Computer equipment	Straight line	3 - 10 years
Infrastructure	Straight line	20 - 100 years
Community	Straight line	20 - 100 years
Other property, plant and equipment	Straight line	3 - 10 years
Roads & stormwater assets	Straight line	20 - 100 years
Electricity assets	Straight line	20 - 100 years
Other assets	Straight line	3 - 10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate unless expectations differ from previous estimates.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.5 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	3 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.7 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.7 Heritage assets (continued)

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The municipality assesses at each reporting date whether there is an indication that the asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised.

Transitional provision

The municipality changed its accounting policy for heritage assets in 2018. The change in accounting policy is made in accordance with its transitional provision as per Directive 2 of the GRAP Reporting Framework.

1.8 Interest in joint ventures

An interest in a joint venture is carried in accordance with the Standard of GRAP on Financial Instruments.

The municipality applies the same accounting for each category of investment.

Surpluses and deficits resulting from contributions or sale of assets to joint ventures are only recognised to the extent of other venturers' interests in the joint venture.

The municipality's share of surpluses or deficits, resulting from purchase of assets from joint ventures are recognised only when the assets are resold to an independent party.

In respect of its interest in jointly controlled assets, the municipality recognises in its annual financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with the other venturers in relation to the joint venture;
- any revenue from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

The municipality recognises a dividend or similar distribution in surplus or deficit in its separate annual financial statements when its right to receive the dividend or similar distribution is established.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Classification

The municipality has the following types of financial assets and liabilities as reflected on the face of the statement of financial position or in the notes thereto:

- Financial instruments at amortised cost;
- Financial instruments cost; and
- Financial instruments at fair value.

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Cash and cash equivalents

These are initially and subsequently recorded at fair value. For cash flow purposes, cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. These are subject to an insignificant risk of changes in value.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.9 Financial instruments (continued)

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Impairment loss is recognised against an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed against an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately.

Finance leases - lessee

The municipality leases certain property, plant and equipment. Leases of property, plant and equipment where the municipality assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance lease assets and liabilities are recognised at the inception of the lease at the lower of the fair value of the leased assets and the present value of the future minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges are included in other long term payables. The interest element of the finance cost is charged to the Statement of Financial Performance over the lease periods so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term. The municipality will not incur a finance lease liability other than that allowed by the MFMA Act (Act 56 of 2003).

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Accounting Policies

1.11 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Unsold properties are measured at the lower of cost and net realisable value. Cost is primarily determined by reference to the valuation roll or total cost of servicing the land such as direct costs and portion of overhead costs that relates to the development.

1.12 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense. Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.13 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.13 Impairment of non-cash-generating assets (continued)

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.14 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.15 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

The municipality and its employees contribute to various pension, provident and retirement funds and its councillors contribute to the Pension Fund for Municipal Councillors. The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed by the relevant funds on a regular basis as per the requirements of the various funds. Current contributions are recognised in surplus or deficit in the period in which the service is rendered by the relevant employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

The municipality provides certain post retirement medical benefits by funding the medical aid contributions for retired members of the municipality. According to the rules of the medical aid fund associated with the municipality, when a member who joined the municipality under the current conditions of service retires, she/he is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. These funds are classified as defined benefit plans. The cost of providing the benefits is determined using the projected unit credit method prescribed by IAS 19. Future benefit values are projected using specific assumptions, and the liability for in service members is accrued over the expected lifetime. No plan assets exist and any actuarial gains or losses are recognised immediately.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Current service costs and interest costs are recognised as a period expense in the statement of financial performance and is matched to the benefit received during the working life of the employee. The current service costs include the expense for the benefits received by the employee currently in service and the cost of funding the employee when no longer in service. The expense for the year is included in the employee benefit expense in the statement of financial performance.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Ramotshere Moiloa Local Municipality

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Accounting Policies

1.15 Employee benefits (continued)

Other long term employee benefits

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality.

The municipality's net obligation in respect of long service awards is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value.

1.16 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

Illegal dumping: The municipality has an obligation to rehabilitate any contaminated land through illegal dumping. A provision has been established and recognised at the present value of the expenditure expected to settle the obligation and is carried at amortised cost.

Landfill sites: The municipality has an obligation to rehabilitate its landfill sites in terms of its licensing stipulations. A provision has been established from 2008/9. The amount of the provision is recognised at the present value of the expenditure expected to settle the obligation and is carried at amortised cost.

1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.17 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Service charges relating to electricity, water and sanitation are based on consumption. Meters are read and billed on a monthly basis and revenue is recognised when invoiced. Estimated consumptions are made monthly when meters have not been read. The estimates of consumption are recognised as revenue when invoiced. Adjustments to estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period.

Income from agency services: Income from agency services is recognised on a monthly basis once the income collected/received on behalf of agents has been quantified. The income is recognised in terms of the agency agreement.

Interest, royalties and dividends

Revenue arising from the use by others of municipal assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.18 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Government grants and subsidies

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available, which in most cases is on receipt.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

1.19 Value Added Tax

The municipality accounts for Value Added Tax (VAT) on a cash basis. The municipality is liable to account for VAT at the standard rate of 14% in terms of section 7(1)(a) of the VAT Act in respect of supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

1.20 Prepaid electricity

Revenue from the sale of electricity using pre-paid meter cards is recognised based on consumption.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.21 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.22 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.23 Comparative figures

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

Where accounting errors have been identified in the current financial year, the correction is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.24 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.25 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.26 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

1.27 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.27 Related parties (continued)

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.29 Budget information

Variances between budget and actual are regarded as material when there is a variance of:

- 10% in the statement of financial position, statement of financial performance and the cash flow statement.
- 5% in capital expenditure.

1.30 Services in kind

The municipality does not recognise services in kind as revenue or assets, but are disclosed as a note to the annual financial statements.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
2. Inventories		
Consumable stores	7,020,503	7,893,602
3. Other financial assets		
Designated at fair value		
Listed Fund -Sanlam	2,325,089	2,111,750
Current assets		
Designated at fair value	2,325,089	2,111,750
4. Receivables from exchange transactions		
Third party vendors	698,072	670,313
Third party vendors		
The municipality introduced a new system in the prior year whereby customers can purchase electricity through third party vendors, the money from the customers is received by Conlog whom in turn pay over to the municipality.		
5. Receivables from non-exchange transactions		
Fines	5,330,109	555,031
Levies	44,721	44,721
Sundry debtors	2,053,591	2,052,514
Sale of land debtors	4,113,599	4,113,599
	11,542,020	6,765,865
6. Consumer debtors		
Gross balances		
Rates	46,493,937	50,554,777
Electricity	36,869,919	30,077,785
Water and sanitation	85,089,309	69,414,253
Refuse and other	13,326,190	10,872,133
	181,779,355	160,918,948
Less: Allowance for impairment		
Rates	(31,595,896)	(31,884,079)
Electricity	(25,055,700)	(18,194,639)
Water and sanitation	(57,824,163)	(58,651,677)
Refuse and other	(9,056,501)	(7,355,903)
	(123,532,260)	(116,086,298)
Net balance		
Rates	14,898,041	18,670,698
Electricity	11,814,219	11,883,146
Water and sanitation	27,265,146	10,762,576
Refuse and other	4,269,689	3,516,230
	58,247,095	44,832,650

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
6. Consumer debtors (continued)		
Rates		
Current (0 -30 days)	537,812	571,075
31 - 60 days	445,283	472,823
61 - 90 days	384,579	408,365
91 - 120 days	367,321	390,040
121 - 365 days	347,212	368,687
> 365 days	13,190,196	14,006,003
	15,272,403	16,216,993
Electricity		
Current (0 -30 days)	426,488	452,866
31 - 60 days	353,111	374,951
61 - 90 days	304,973	323,835
91 - 120 days	291,288	309,304
121 - 365 days	275,341	292,371
> 365 days	10,459,889	11,106,828
	12,111,090	12,860,155
Water and Sanitation		
Current (0 -30 days)	154,158	1,045,134
31 - 60 days	814,919	865,321
61 - 90 days	703,824	747,355
91 - 120 days	672,242	713,820
121 - 365 days	635,439	674,740
> 365 days	24,139,590	25,632,612
	27,120,172	29,678,982
Refuse and other		
Current (0 -30 days)	154,158	163,693
31 - 60 days	127,638	135,532
61 - 90 days	110,238	117,056
91 - 120 days	105,291	111,803
121 - 365 days	99,525	105,682
> 365 days	3,780,911	4,014,759
	4,377,761	4,648,525
Reconciliation of allowance for impairment		
Balance at beginning of the year	(116,086,297)	(116,086,297)
Contributions to allowance	(7,445,963)	-
	(123,532,260)	(116,086,297)
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	225,922	375,672
Bank balances	2,956,769	1,188,548
Short-term deposits	11,468,517	470,526
	14,651,208	2,034,746

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R			2017 R		
7. Cash and cash equivalents (continued)						
The municipality had the following bank accounts						
Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
FNB - cheque account 62063144431	2,554,343	844,744	1,711,983	2,554,343	844,744	1,711,983
FNB - cheque account 54351140693	232,508	56,452	373,795	232,508	56,452	373,795
FNB - cheque account 62200495960	8,667	90,443	154,020	8,668	90,443	154,020
FNB - cheque account 62224998023	161,251	196,909	1,994,519	161,251	196,909	1,994,519
Total	2,956,769	1,188,548	4,234,317	2,956,770	1,188,548	4,234,317

8. Investment property

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	56,253,235	(2,416,877)	53,836,358	57,211,685	(2,238,813)	54,972,872

Reconciliation of investment property - 2018

	Opening balance	Disposals	Depreciation	Total
Investment property	54,972,872	(1,052,631)	(83,882)	53,836,359

Reconciliation of investment property - 2017

	Opening balance	Disposals	Depreciation	Total
Investment property	55,333,529	(276,775)	(83,882)	54,972,872

The municipality entered into a joint arrangement with ABSA Bank for the construction of a building for leasing purposes. The terms of the arrangement were as follows:

- The municipality contributed a piece of land, which was valued at R700,000 whilst ABSA contributed R6 300 000 for the construction of building.
- The municipality's contribution was deemed to be worth 10% and ABSA 90%.
- On completion of the building, ABSA occupied the building and leased additional rental space.
- Building operating costs are deducted from the rental income.
- ABSA is responsible for management of the building and in return compensated with 5% of rental income plus a management fee which will be agreed between the parties.
- The residue is shared in terms of the venturers' contribution.

In terms of GRAP 8 (Interest in Joint Ventures), the municipality's component/share of the building was recognised as Investment property. The nature of this jointly controlled asset is investment property as it is leased to tenants and the municipality earns rentals from it.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018			2017		
	R			R		
9. Property, plant and equipment						
	2018			2017		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	17,356,150	-	17,356,150	17,356,150	-	17,356,150
Buildings	66,086,644	(47,392,339)	18,694,305	67,555,049	(45,376,011)	22,179,038
Plant and machinery	900,155	(795,477)	104,678	881,555	(686,405)	195,150
Furniture and fixtures	475,809	(404,065)	71,744	475,779	(340,990)	134,789
Motor vehicles	12,652,072	(10,315,452)	2,336,620	12,652,677	(8,482,991)	4,169,686
Office equipment	669,080	(253,340)	415,740	334,941	(208,407)	126,534
Computer equipment	4,860,221	(1,665,258)	3,194,963	2,219,058	(865,863)	1,353,195
Community	110,165,491	(65,533,012)	44,632,479	109,740,491	(61,547,341)	48,193,150
Servitudes/road reserves	13,011,798	-	13,011,798	13,011,798	-	13,011,798
Work in progress	59,654,471	426,256	60,080,727	43,199,721	442,040	43,641,761
Landfill site	12,488,000	(2,840,921)	9,647,079	12,488,000	(2,840,921)	9,647,079
Roads & stormwater assets	635,161,008	(267,692,569)	367,468,439	625,016,998	(253,818,484)	371,198,514
Electricity assets	71,881,283	(30,735,613)	41,145,670	71,881,283	(28,986,279)	42,895,004
Wastewater network	2,184	-	2,184	2,184	-	2,184
Finance leased assets	2,823,539	(411,766)	2,411,773	2,823,539	(411,766)	2,411,773
Other assets	5,311,861	(4,302,204)	1,009,657	5,311,861	(3,604,342)	1,707,519
Total	1,013,499,766	(431,915,760)	581,584,006	984,951,084	(406,727,760)	578,223,324

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Transfers received	Transfers	Other changes, movements	Depreciation	Total
Land	17,356,150	-	-	-	-	-	-	17,356,150
Buildings	22,179,038	-	(557,994)	-	-	-	(2,926,739)	18,694,305
Plant and machinery	195,150	18,600	-	-	-	-	(109,072)	104,678
Furniture and fixtures	134,789	-	-	-	-	-	(63,045)	71,744
Motor vehicles	4,169,686	-	-	-	-	-	(1,833,066)	2,336,620
Office equipment	126,534	334,625	-	-	-	-	(45,419)	415,740
Computer equipment	1,353,195	2,641,163	-	-	-	-	(799,395)	3,194,963
Community	48,193,151	425,000	-	-	-	-	(3,985,672)	44,632,479
Servitudes/road reserve	13,011,798	-	-	-	-	-	-	13,011,798
Work in progress	43,641,761	32,575,021	-	-	(19,250,239)	3,114,184	-	60,080,727
Landfill site	9,647,079	-	-	-	-	-	-	9,647,079
Roads & stormwater assets	371,198,514	-	(2,019,559)	14,740,519	-	-	(16,451,035)	367,468,439
Electricity assets	42,895,004	-	-	-	-	-	(1,749,334)	41,145,670
Wastewater network	2,184	-	-	-	-	-	-	2,184
Finance leased assets	2,411,773	-	-	-	-	-	-	2,411,773
Other assets	1,723,304	-	-	-	-	-	(713,647)	1,009,657
	578,239,110	35,994,409	(2,577,553)	14,740,519	(19,250,239)	3,114,184	(28,676,424)	581,584,006

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers	Other movements	Depreciation	Impairment loss	Total
Land	17,356,150	-	-	-	-	-	-	17,356,150
Buildings	28,112,347	-	-	-	-	(3,602,058)	(2,331,251)	22,179,038
Plant and machinery	260,043	-	-	-	-	(64,893)	-	195,150
Furniture and fixtures	181,840	-	-	-	-	(47,051)	-	134,789
Motor vehicles	5,694,261	-	(17,055)	-	-	(1,507,520)	-	4,169,686
Office equipment	162,771	22,060	-	-	-	(58,297)	-	126,534
Computer equipment	1,008,178	683,855	(7,409)	-	-	(331,429)	-	1,353,195
Community	51,949,862	-	-	528,500	-	(4,285,211)	-	48,193,151
Servitudes/road reserve	13,011,798	-	-	-	-	-	-	13,011,798
Work in progress	24,769,796	34,103,589	-	(15,231,624)	-	-	-	43,641,761
Landfill site	9,647,079	-	-	-	-	-	-	9,647,079
Roads & stormwater assets	372,005,946	-	(2,278,816)	14,703,124	4,084,720	(17,316,460)	-	371,198,514
Electricity assets	44,795,371	-	(1,900,367)	-	-	-	-	42,895,004
Wastewater network	2,184	-	-	-	-	-	-	2,184
Finance leased assets	-	2,411,773	-	-	-	-	-	2,411,773
Other assets	1,724,925	-	-	-	-	(1,621)	-	1,723,304
	570,682,551	37,221,277	(4,203,647)	-	4,084,720	(27,214,540)	(2,331,251)	578,239,110

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
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10. Intangible assets

	2018			2017		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2,091,643	(455,600)	1,636,043	1,967,100	-	1,967,100

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software	1,967,100	124,543	(455,600)	1,636,043

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Total
Computer software	144,700	1,822,400	1,967,100

11. Heritage assets

	2018			2017		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Other	404,550	-	404,550	404,550	-	404,550

Reconciliation of heritage assets 2018

	Opening balance	Total
Other	404,550	404,550

Reconciliation of heritage assets 2017

	Opening balance	Total
Other	404,550	404,550

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
12. Long-term liabilities		
At amortised cost		
DBSA Loan 100121/3 The loan has a fixed interest rate of 15.15% per annum and is repayable in 30 equal half-yearly instalments. The loan period is 15 years and redemption date is 30 June 2019.	901,992	901,992
DBSA Loan 102400/1 The loan has fixed interest rate of 5% per annum and is repayable in 40 equal instalments. The loan period is 20 years expiring in 30 September 2028.	1,187,822	1,949,886
DBSA Loan 100702/1 The loan has a fixed interest rate of 11.73% per annum and is repayable in 40 equal half-yearly instalments. The loan period is 20 years and redemption date is 30 June 2026.	866,577	866,577
Short term portion of long term loans	2,981,233	1,566,890
	5,937,624	5,285,345
Total other financial liabilities	5,937,624	5,285,345
Non-current liabilities		
At amortised cost	2,956,391	3,718,455
Current liabilities		
At amortised cost	2,981,233	1,566,890
13. Finance lease obligation		
Minimum lease payments due		
- within one year	1,226,606	1,250,891
- in second to fifth year inclusive	812,737	1,954,518
	2,039,343	3,205,409
less: future finance charges	(241,208)	(397,621)
Present value of minimum lease payments	1,798,135	2,807,788
Present value of minimum lease payments due		
- within one year	1,118,143	1,009,652
- in second to fifth year inclusive	679,992	1,798,136
	1,798,135	2,807,788
14. Payables from exchange transactions		
Trade payables	67,374,036	51,361,233
Payments received in advance	501,709	501,708
Accrued leave pay	1,558,403	11,477,727
13th cheque	6,019,442	3,000,790
Payable clearing	72,202	81,437
Other payables	7,436,322	6,741,601
Retentions	4,974,777	5,105,684
Consumer debtors unknown	7,463,057	3,493,698
Debtors with credit balances	10,050,051	15,348,400
	105,449,999	97,112,278

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
15. VAT payable		
Net balance	1,229,377	1,461,039
The municipality is registered for VAT on a payments basis.		
16. Consumer deposits		
Electricity	1,339,716	1,268,359
Water	655,188	590,674
	1,994,904	1,859,033

17. Employee benefit obligations

Defined contribution plan

The municipality has a policy to subsidise post-employment health care costs of employees that belonged to medical scheme on their retirement. The subsidy covers the employee as well as the spouse or dependent.

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation-wholly unfunded	38,230,714	43,126,000
Non-current liabilities	37,213,000	42,118,000
Current liabilities	1,017,714	1,008,000
	38,230,714	43,126,000

The municipality has no further obligation to cover unfunded benefits.

Net expense recognised in the statement of financial performance

Current service cost	2,821,000	2,682,000
Interest cost	4,715,000	3,986,000
Actuarial (gains) losses	(11,551,700)	(3,092,000)
Settlement	(889,300)	(744,000)
	(4,905,000)	2,832,000

Valuation method

The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

Post-employment Medical Aid Liabilities

The expected value of each employee and their spouse's future medical aid subsidies is projected by allowing for future medical inflation. The calculated values are then discounted at the assumed discount interest rate to the present date of valuation (calculation). We also allowed for mortality, retirements and withdrawals from service as set out below. The accrued liability is determined on the basis that each employee's medical aid benefit accrues uniformly over the working life of an employee up until retirement. Further it is assumed that the current policy for awarding medical aid subsidies remains unchanged in the future. We assumed that 100% of all active members on medical aid will remain on medical aid once they retire. We also assumed that all active members will remain on the same medical aid option at retirement.

Valuation of Assets

As at the valuation date, the medical aid liability of the Municipality was unfunded, i.e. no dedicated assets have been set aside to meet this liability. We therefore did not consider any assets as part of our valuation.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
18. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Library Grant	500,000	500,000
LGSETA	437,855	297,578
INEP	-	567,970
Local Government	837,956	837,956
Municipal Infrastructure Grant	1,636,565	-
	3,412,376	2,203,504

See note 24 for reconciliation of grants from National/Provincial Government.

19. Provisions

Reconciliation of provisions - 2018

	Opening Balance	Additions	Reversed during the year	Total
Environmental rehabilitation	24,250,000	13,667,000	-	37,917,000
Performance bonus	586,505	-	(586,505)	-
Long service award	6,311,000	797,000	-	7,108,000
	31,147,505	14,464,000	(586,505)	45,025,000

Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	13,790,000	11,448,000	(988,000)	24,250,000
Performance bonus	480,846	309,885	(204,226)	586,505
Long service award	5,942,000	1,278,000	(909,000)	6,311,000
	20,212,846	13,035,885	(2,101,226)	31,147,505

Non-current liabilities	45,025,000	30,561,000
Current liabilities	-	586,505
	45,025,000	31,147,505

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
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19. Provisions (continued)

Environmental rehabilitation provision

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, (Act, 28 of 2002). The provision was determined by an independent expert as at 30 June 2018 and approximates the discounted expected future cash flows using reasonable estimation techniques.

During the current year, licences for the illegal dumpsites were obtained. The current liability raised as a provision has therefore been moved to non-current as the municipality will rehabilitate the sites when the landfill sites are full.

Long service award

In addition to normal leave an employee shall qualify for the following additional leave as recognition for service at the same employer, which shall be paid out respectively once only the date on which the various periods of continues service have been completed, as follows:

- After 10 years service - 10 working days
- After 15 years service - 20 working days
- After 20 years service - 30 working days
- After 25 years service - 30 working days
- After 30 years service - 30 working days
- After 35 years service - 30 working days
- After 40 years service - 30 working days
- After 45 years service - 30 working days

An employee may choose to either utilise the leave for holiday purposes or en-cash leave within 12 months.

The two most important financial variables used in our valuation are the discount rate and salary inflation. An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events.

Discount rate

IAS19 defines the determination of the Discount rate assumption to be used as the rate that can "be determined by reference to market yields at the balance sheet* date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the balance sheet* date) on government bonds should be used. The currency and term of the corporate bonds or government bonds should be consistent with the currency and estimated term of the post-employment benefit obligations."reimbursement.

The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.

Performance bonus

Bonuses are awarded to section 56/57 managers based on the achievement of predetermined performance standards. The bonuses are calculated based on a percentage of the total package. The bonuses were approved by the Council and paid out for the previous financial years. The provision is an estimate of the amount due to the section 56/57 managers. There were no performance bonuses paid in the current year.

20. Service charges

Sale of electricity	51,745,208	51,738,832
Sale of water	8,881,669	7,328,865
Sewerage and sanitation charges	2,401,329	2,192,002
Refuse removal	7,037,787	6,725,306
	70,065,993	67,985,005

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
21. Rental of facilities and equipment		
Premises		
Rental of facilities and equipment	141,745	305,459
22. Investment revenue		
Interest revenue		
Bank	1,875,591	613,420
23. Property rates		
Rates received		
Residential	11,020,056	9,216,403
Commercial	9,191,901	10,002,819
State	518,304	1,661,418
Agriculture	14,211,954	19,592,431
	34,942,215	40,473,071

Property rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2014. Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions. Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate is applied as follows to property valuations to determine property rates:

- Residential properties: 0.01600 c/R (2017: 0.01500 c/R)
- Business/Industrial properties: 0.03200 c/R (2017: 0.03000 c/R)
- State owned properties: 0.0040 c/R (2017: 0.00375 c/R)
- Agricultural properties: 0.0040 c/R (2017: 0.00375 c/R)
- Public service infrastructure properties: 0.0040 c/R (2017: 0.00375 c/R)
- Groot Marico: 0.016 c/R (2017: 0.00375 c/R)

Rebates:

- Agricultural properties: 65% on application (2017:65%)
- Agricultural properties - Special category: 10% on application (2017:10%)
- Public service infrastructure : 30% (2017:30%)

Retired and disabled persons on residential properties:

- Owner with income less than R5 000 per month(excluding indigents) -50% (2017:50%)
- Owner with income less than between R5 001 and R10 000 per month:40% (2017:40%)

Reductions:

Municipal Property Rates Act 2004 - first R15 000 on market value of residential and agricultural is exempted.

A 10% discount on full settlement of rates before 30 September each year for residential, business and industrial.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
24. Government grants and subsidies		
Operating grants		
Equitable share	137,071,000	126,139,000
Library Grant	-	1,000,000
Financial Management Grant	2,145,000	1,810,000
LG Seta	-	618,915
EPWP Grant	1,091,000	1,104,000
Water supply grant	2,000,000	-
	142,307,000	130,671,915
Capital grants		
MIG	32,145,224	35,460,000
INEP	7,167,970	1,432,030
Local Government Grant	-	438,642
	39,313,194	37,330,672
	181,620,194	168,002,587
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	-	-
Current-year receipts	36,704,000	35,460,000
Conditions met - transferred to revenue	(32,145,224)	(35,460,000)
Other	(2,922,212)	-
	1,636,564	-
Conditions still to be met - remain liabilities (see note 18).		
Financial Management Grant		
Current-year receipts	2,145,000	1,810,000
Conditions met - transferred to revenue	(2,145,000)	(1,810,000)
	-	-
Conditions still to be met - remain liabilities (see note 18).		
Library Grant		
Balance unspent at beginning of year	500,000	500,000
Current-year receipts	-	1,000,000
Conditions met - transferred to revenue	-	(1,000,000)
	500,000	500,000
Conditions still to be met - remain liabilities (see note 18).		
EPWP		
Current-year receipts	1,091,000	1,104,000
Conditions met - transferred to revenue	(1,091,000)	(1,104,000)
	-	-

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
24. Government grants and subsidies (continued)		
Conditions still to be met - remain liabilities (see note 18).		
LGSETA		
Balance unspent at beginning of year	297,578	-
Current-year receipts	140,277	916,493
Conditions met - transferred to revenue	-	(618,915)
	437,855	297,578
Conditions still to be met - remain liabilities (see note 18).		
INEP		
Balance unspent at beginning of year	567,970	-
Current-year receipts	6,600,000	2,000,000
Conditions met - transferred to revenue	(7,167,970)	(1,432,030)
	-	567,970
Conditions still to be met - remain liabilities (see note 18).		
Local Government		
Balance unspent at beginning of year	837,956	-
Current-year receipts	-	1,276,598
Conditions met - transferred to revenue	-	(438,642)
	837,956	837,956
Conditions still to be met - remain liabilities (see note 18).		
Water Supply Grant		
Current-year receipts	2,000,000	-
Conditions met - transferred to revenue	(2,000,000)	-
	-	-
Conditions still to be met - remain liabilities (see note 18).		
25. Revenue		
Sale of land	169,650	67,760
Service charges	70,065,993	67,985,005
Rental of facilities and equipment	141,745	305,459
Licences and permits	1,100,121	2,778,840
Miscellaneous other revenue	2,675,920	1,692,097
Interest received - investment	1,875,591	613,420
Property rates	34,942,215	40,473,071
Government grants & subsidies	181,620,194	168,002,587
Fines, penalties and forfeits	5,575,164	4,994,929
	298,166,593	286,913,168

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
25. Revenue (continued)		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	70,065,993	67,985,005
Rendering of services	169,650	67,760
Rental of facilities and equipment	141,745	305,459
Licences and permits	1,100,121	2,778,840
Miscellaneous other revenue	2,675,920	1,692,097
Interest received - investment	1,875,591	613,420
	76,029,020	73,442,581
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	34,942,215	40,473,071
Transfer revenue		
Government grants & subsidies	181,620,194	168,002,587
Fines, penalties and forfeits	5,575,164	4,994,929
	222,137,573	213,470,587
26. Bulk purchases		
Electricity	45,244,172	42,860,444
27. Contracted services		
Lift maintenance	26,045	14,188
IT support services	964,940	376,283
Security services	8,368,416	6,481,595
28. Debt impairment		
Contributions to debt impairment provision	7,445,962	36,052,610
29. Depreciation and amortisation		
Property, plant and equipment	28,630,427	31,025,324
Investment property	83,883	83,883
Intangible assets	455,600	-
	29,169,910	31,109,207

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
30. Employee related costs		
Basic	74,736,343	73,315,285
13th Cheque	8,995,156	5,467,226
Medical aid - company contributions	4,222,802	8,335,192
UIF	598,126	615,627
SDL	1,092,246	955,152
(Decrease) / Increase in leave pay provision charge	(9,919,324)	2,984,575
Pension fund contributions	14,980,002	14,103,997
Travel, motor car, accommodation, subsistence and other allowances	4,223,344	4,547,947
Overtime payments	7,695,370	7,472,289
Long-service awards	1,252,526	821,629
Acting allowances	482,086	2,089,774
Entertainment allowance	33,527	216,974
Housing benefits and allowances	863,333	769,550
(Decrease) / Increase in performance bonus provision	(309,886)	309,886
Cellphone allowance	305,785	318,205
Bargaining council	34,026	33,032
Leave payout	921,221	872,661
Standby allowance	1,869,790	1,246,713
(Decrease) / Increase in bonus provision	(276,619)	469,569
Post retirement medical benefit	(4,905,000)	(1,154,000)
Termination benefits	-	1,405
	106,894,854	123,792,688

Remuneration of Director Technical Services

Annual remuneration	1,083,599	983,058
Performance bonuses	-	204,227
Contributions to UIF, Medical and Pension Funds	1,636	1,785
SDL & Bargaining Council	11,091	12,145
Cellphone allowance	16,500	18,000
	1,112,826	1,219,215

Remuneration of Director Community Services

Annual remuneration	575,328	743,058
Car allowance	200,000	240,000
Contributions to UIF, Medical and Pension Funds	1,636	1,917
Cellphone allowance	15,000	18,000
SDL & Bargaining council	8,998	9,624
Termination leave payout	141,420	-
	942,382	1,012,599

Remuneration of Director Local Economic Development

Annual remuneration	57,533	914,250
Car allowance	20,000	240,000
Contributions to UIF, Medical and Pension Funds	-	1,785
Cellphone allowance	1,500	18,000
SDL & Bargaining council	-	9,972
	79,033	1,184,007

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
30. Employee related costs (continued)		
Remuneration of Chief Audit Executive		
Annual remuneration	810,394	863,058
Car allowance	120,000	120,000
Contributions to UIF, Medical and Pension Funds	1,785	1,785
SDL & Bargaining council	9,343	9,863
Cellphone allowance	18,000	18,000
	959,522	1,012,706

Remuneration of Municipal Manager

Annual remuneration	837,796	1,065,915
Car allowance	81,141	42,283
Annual bonus	2,752	-
Contributions to UIF, Medical and Pension Funds	39,544	70,807
Cellphone allowance	9,650	3,300
SDL & Bargaining council	1,868	11,082
Termination leave paid out	117,084	-
Backpay	15,884	-
Acting allowance	29,256	-
Housing allowance	42,390	-
	1,177,365	1,193,387

Mr MI Matthews was appointed as acting Municipal Manager on the 13th of July 2017 and his contract expired on 23 November 2017. Mr SA Adroos was then appointed as Municipal Manager on 23 November 2017 and resigned on 02 April 2018. Mr Phakalane was appointed as the acting Municipal Manager on 15 April 2018.

Chief Finance Officer

Annual remuneration	635,764	546,252
Car allowance	40,000	45,000
Contributions to UIF, Medical and Pension Funds	-	70,483
SDL & Bargaining council	-	5,730
Cellphone allowance	12,504	3,300
Housing allowance	80,000	-
	768,268	670,765

Mr Morris was appointed on 23 October 2017 as the Chief Financial Officer.

Acting Director Technical Services

Annual remuneration	-	514,517
Car allowance	-	45,000
Contributions to UIF, Medical and Pension Funds	-	87,212
Cellphone allowance	-	3,300
SDL & Bargaining council	-	5,670
	-	655,699

The acting Director Technical Services was appointed in March 2016 after the Director was suspended. The Director Technical Services was reinstated in July 2016. However the Acting Director remained in office and received remuneration.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
30. Employee related costs (continued)		
Director Corporate Services		
Annual remuneration	611,536	491,762
Car allowance	145,990	45,000
Contributions to UIF, Medical and Pension Funds	-	56,614
Cellphone allowance	13,500	3,300
SDL & Bargaining council	-	5,046
Housing allowance	20,000	-
	791,026	601,722
Remuneration of Executive Manager		
Annual remuneration	258,006	445,086
Travel allowance	37,500	180,000
Performance bonuses	-	9,000
Contributions to UIF, Medical and Pension Funds, SDL & Bargaining council	-	8,545
Performance bonus	-	115,665
Housing allowance	3,983	-
Cellphone allowance	2,750	-
	302,239	758,296
Remuneration of Acting Municipal Manager		
Annual remuneration	-	490,209
Travel allowance	-	41,460
Contributions to UIF, Medical and Pension Funds, SDL & Bargaining council	-	46,899
Cellphone allowance	-	3,040
	-	581,608
31. Finance costs		
Other interest	3,089,720	2,643,039
Trade and other payables	2,196,506	705,274
Post retirement interest cost	4,715,000	3,986,000
	10,001,226	7,334,313
32. Remuneration of councillors		
Mayor	847,560	775,174
Speaker	687,017	617,852
Councillors	11,020,660	8,224,690
	12,555,237	9,617,716
In-kind benefits		

The Mayor and Speaker are full time. Each is provided with an office and secretarial administration support at the cost of the Council. The Mayor and the Speaker each have the use of separate Council owned vehicles for official duties. The Mayor has one full-time bodyguard.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
33. General expenses		
Advertising	211,621	138,134
Auditors remuneration	230,350	3,547,464
Bank charges	865,070	1,072,378
Billing charges	257,544	228,573
Chemicals	21,687	18,600
Community development and training	208,900	964,414
Conferences and seminars	46,350	127,444
Consulting and professional fees	14,347,648	11,274,033
Consumables	299,733	286,483
Discount allowed	4,662,886	521,624
Electricity	978,307	1,347,089
Employee awareness	-	29,934
Extended public works program	7,467,153	6,266,800
Fuel and oil	1,918,803	1,618,069
Funeral costs	3,350	9,300
Hire	214,812	70,100
IT expenses	193,604	67,410
Indigent subsidy	2,250,150	2,249,845
Insurance	364,839	703,981
Inventory adjustment	-	146,418
Landfill site provision	13,667,000	10,460,000
Motor vehicle expenses	163,365	171,722
Other expenses	53,399	1,007,542
Postage and courier	258,198	259,579
Printing and stationery	712,496	1,744,114
Refuse	52,069	88,687
Right of use - Water	-	74,086
Sitting allowance	2,784,159	2,409,536
Software expenses	395,053	345,046
Staff welfare	196,963	111,972
Store and materials	316,119	575,623
Subscriptions and membership fees	1,221,296	1,074,136
Telephone and fax	1,527,851	821,499
Training	34,400	7,729,928
Travel - local	1,092,106	1,447,147
	57,017,281	59,008,710
34. Fair value adjustments		
Other financial assets		
• Listed Funds	-	8,521

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
35. Cash generated from operations		
Surplus (deficit)	13,992,537	(39,562,956)
Adjustments for:		
Depreciation and amortisation	29,169,910	31,109,207
Gain on sale of assets and liabilities	2,577,553	588,847
Fair value adjustments	-	(8,521)
Impairment deficit	-	2,333,318
Debt impairment	7,445,962	36,052,610
Movements in retirement benefit assets and liabilities	(4,895,286)	2,832,000
Movements in provisions	13,877,495	10,934,659
Inventory adjustment	-	146,418
Miscellaneous revenue (non cash)	(1,188,054)	-
Changes in working capital:		
Inventories	873,099	(1,092,570)
Receivables from exchange transactions	(27,759)	225,634
Consumer debtors	(20,860,408)	(31,511,430)
Other receivables from non-exchange transactions	(4,776,155)	(4,416,323)
Payables from exchange transactions	8,337,718	30,291,755
VAT	(231,662)	(6,249,865)
Unspent conditional grants and receipts	1,208,872	426,906
	45,503,822	32,099,689
36. Auditors' remuneration		
Fees	230,350	3,547,464
37. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	20,408,078	30,361,051
Total capital commitments		
Already contracted for but not provided for	20,408,078	30,361,051

This committed expenditure relates to projects and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
38. Contingencies		
38.1 Court Proceedings:		
Municipality is being sued for some of the following pending claims. All the claims are being contested based on legal advice. The certainty and the timing of the outflow of these liabilities is uncertain. The amounts disclosed below are possible outflows amounts:		
Litigation and claims		
Malicious prosecution between Ramotshere Moiloa Local Municipality versus Martinus Venter	225,000	225,000
Labour case between Ramotshere Moiloa Local Municipality and NJ Motang	80,151	80,151
Review application between Ramotshere Moiloa Local Municipality and T Motlhamme	100,000	100,000
Accident damage of property by the employee of the council between Ramotshere Moiloa Local Municipality and C Lubbe	85,000	85,000
Court application between Ramotshere Moiloa Local Municipality and J Venter	300,000	300,000
Court matter between Ramotshere Moiloa Local Municipality and Raphunga	247,861	247,861
Alleged eviction of municipal employee-Martha Mareme by Ramotshere Moiloa Local Municipality and the eviction led to a loss of assets	200,000	200,000
Labour court review application between Ramotshere Moiloa Local Municipality IMATU obo JH Engelbrecht	400,000	110,000
Labour court application between Ramotshere Moiloa Local Municipality and P Williams	50,000	50,000
Disciplinary proceedings between Ramotshere Moiloa Local Municipality and S Sithole	50,000	50,000
Court matter between Ramotshere Moiloa Local Municipality and G Makaukau	350,000	-
Labour court application between Ramotshere Moiloa Local Municipality and JJ Cromhout	700,000	-
Disciplinary proceedings between Ramotshere Moiloa Local Municipality and S Mangope	500,000	-
	3,288,012	1,448,012

39. Risk management

Financial risk management

Council has overall responsibility for the establishment and oversight of the entity's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The municipality's Finance department provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Budget and Treasury Office monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the municipality's activities, and compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
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39. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

40. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

41. Unauthorised expenditure

Opening balance	130,520,575	128,481,935
Adjustments	23,268,307	2,038,640
	<u>153,788,882</u>	<u>130,520,575</u>

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
42. Fruitless and wasteful expenditure		
Opening balance	8,766,373	4,530,260
Current year	5,986,204	4,236,113
	14,752,577	8,766,373

Fruitless and wasteful expenditure has been reported to Council and the matter is still under investigation by Sec 32 Committee. The information required per MFMA s125(2)(d)(i)-(iii) is not available.

The expenditure is caused by interest charged on overdue accounts of Eskom, Telkom and Auditor General South Africa.

A detailed breakdown of the fruitless and wasteful expenditure is disclosed in detail as below:

Auditor General - interest on overdue accounts	11,764	125,533
Eskom Bulk - Interest on overdue accounts	2,591,439	1,703,533
Eskom Other - Interest on overdue accounts	-	83,065
Eskom Waterworks - Interest on overdue accounts	96,278	210,858
Modibetsane DG - Acting allowance paid	-	198,111
SARS - Penalties and interest	1,987,399	506,248
Telkom South Africa - Interest on overdue accounts	72,278	13,802
Sebogodi GN - Salary paid while employee was on special leave	-	539,664
TMT Tiro - Salary paid while employee was on special leave	855,306	855,299
R.T Phakalane - Acting allowance paid	29,256	-
Pension penalties	339,396	-
VAT penalties	3,088	-
	5,986,204	4,236,113

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
43. Irregular expenditure		
Opening balance	140,616,963	109,153,603
Add: Irregular Expenditure - current year	12,521,328	31,463,360
	153,138,291	140,616,963

Analysis of irregular expenditure - current year

Tenders/quotations not advertised	7,390,928	2,375,695
Tenders with missing information	-	45,808
SCM procedures not followed	924,811	545,174
Three quotes not obtained	-	143,033
Deviation form not filled	423,750	-
Irregular appointments	-	472,917
Expired contracts	14,636	8,851,902
Evaluation criteria was not consistent	3,205,818	5,474,688
Orders created after	-	19,500
Different recommendation	-	5,571,460
Not registered on CSD	34,000	-
Committee composition	-	2,703,554
Points for the BBBEE were incorrectly awarded	527,385	3,212,284
No concurrence from MEC	-	759,000
MPAC Administrator irregularly appointed	-	484,083
MPAC Manager was appointed irregularly	-	373,116
MPAC Researcher was appointed irregularly	-	252,153
Employees that have passed retired on payroll	-	178,993
	12,521,328	31,463,360

44. Additional disclosure in terms of Municipal Finance Management Act

44.1. Contributions to organised local government

Current year subscription / fee	1,181,890	1,049,070
Amount paid - current year	(1,181,890)	(1,049,070)
	-	-

44.2. Audit fees

Opening balance	1,565,836	2,172,021
Current year subscription / fee	230,350	3,547,464
Amount paid - current year	(844,868)	(4,153,649)
Adjustments	(364,961)	-
	586,357	1,565,836

44.3. PAYE, SDL and UIF

Opening balance	2,931,634	1,307,921
Current year subscription / fee	17,570,225	18,635,942
Amount paid - current year	(20,342,960)	(17,012,229)
	158,899	2,931,634

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
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44. Additional disclosure in terms of Municipal Finance Management Act (continued)

44.4. Pension and Medical Aid Deductions

Opening balance	2,930,777	1,581,616
Current year subscription / fee	23,250,919	34,585,962
Amount paid - current year	(21,333,575)	(33,236,801)
	4,848,121	2,930,777

44.5. VAT

VAT payable	1,229,377	1,461,039
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All VAT returns have been submitted by the due date throughout the year.

44.6. Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding as at 30 June 2018:

30 June 2018	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr Moloantoa	-	4,084	4,084
Cllr Rajan	-	376,085	376,085
Cllr Mottladiile LK	-	743	743
	-	380,912	380,912

30 June 2017	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr Dreyer	-	225	225
Cllr Mediro	-	3,048	3,048
Cllr Kadi	-	7,633	7,633
Cllr Modibetsane	-	225	225
Cllr Mokotong	-	225	225
Cllr Nare	-	6,018	6,018
Cllr Moloantoa	-	4,775	4,775
Cllr Rajan	-	241,633	241,633
Cllr Phetwe	-	5,757	5,757
	-	269,539	269,539

45. Service in kind

During the current year, the municipality received assistance from the North West Provincial Government - Treasury. This took the form of appointment of the Acting Chief Financial Officer, who assisted the municipality with the administrative roles performed by the Chief Financial Officer.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
46. Distribution Losses		
Electricity distribution losses		
Killo Watts per Hour	12,176,215	11,530,507
Total loss (Rand)	11,446,915	10,839,200

The main reason for incurring electricity losses relates to heat dissipation when electricity flows through the conductors, illegal connections, meter tampering and incorrect metering. Cost per KWH R0.8341 (2017: R0.8341).

47. New standards and interpretations

47.1 Standards and interpretations effective and adopted in the current year

In the current year, there were no new standards and interpretations that are effective for the current financial year and that are relevant to the municipality's operations.

47.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2019	Unlikely there will be a material impact
• GRAP 20: Related parties	01 April 2019	Unlikely there will be a material impact
• GRAP 16 (as amended 2016): Investment Property	01 April 2018	Unlikely there will be a material impact
• GRAP 17 (as amended 2016): Property, Plant and Equipment	01 April 2018	Unlikely there will be a material impact
• GRAP 21 (as amended 2016): Impairment of non-cash-generating assets	01 April 2018	Unlikely there will be a material impact
• GRAP 26 (as amended 2016): Impairment of cash-generating assets	01 April 2018	Unlikely there will be a material impact

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
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48. Related parties

Key management and councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties

Dreyer R	34,189	2,082
Mothoagae P	311	-
Moloantoa ITKC	5,757	21,281
Rajan MF 2000541	72,452	42,669
Rajan MF 30030024	7,050	16,019
Rajan MF 20013231	255,961	191,620
Motladiile I	1,314	(17)
Sapala TN	736	2,462
Phetwe K	346	6,800
Seabi OPHBV	-	27
	378,116	282,943

Related party transactions

Rates levied

Dreyer R	-	3,900
Mothoagae P	2,160	1,875
Moloantoa ITKC	1,600	1,350
Rajan MF	-	8,875
Rajan MF 2000541	-	4,485
Rajan MF 30030024	-	1
Rajan MF 20013231	-	41,417
Motladiile I	-	435
Sapala TN	2,800	2,475
Phetwe K	2,560	2,250
Seabi OPHBV	-	5,040
Malema	7,120	-
Birkenstork	6,480	-

Service charges

Dreyer R	-	8,162
Mothoagae P	1,837	1,690
Moloantoa ITKC	6,231	4,788
Rajan MF	-	6,446
Rajan MF 2000541	-	11,830
Rajan MF 30030024	-	1,304
Rajan MF 20013231	-	40,579
Motladiile I	-	1,690
Sapala TN	7,292	3,887
Phetwe K	1,841	1,690
Seabi OPHBV	-	5,497
Malema	4,720	-
Birkenstork	9,189	-

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
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49. Change in estimate

Property, plant and equipment

During the year the municipality have performed condition assessments of assets that reach a zero remaining useful life. The effect of the change in remaining life of assets is decreased depreciation in the current year of R3,338,265.

Subsequently future depreciation will increase with the value of R 3,338,265 spread over an average of 5.02 future years.

Details of the effect of change in estimate is as follows:

	Value of depreciation charged less in the current financial year	Average years remaining for assets depreciation
Buildings	276,075	3.33
Community facilities	182,519	4.61
Roads Network Infrastructure	2,533,996	3.30
Storm water infrastructure	111,050	8.04
Electrical network infrastructure	234,625	5.81
	3,338,265	5.02

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
50. Budget differences		
Material differences between budget and actual amounts		
50.1	The actual licences and permits income was less than the budgeted amount. This is mainly due to the testing station being set alight during the service protests.	
50.2	The actual miscellaneous revenue was less than the budgeted amount. This is due to income being less than anticipated.	
50.3	The budgeted interest income was less than the actual interest income. This is due to more funds that were invested and more interest was received compared to the previous year. In addition, equitable share and other conditional grants were invested as soon as they were received.	
50.4	Actual government grants were less than the budgeted amount. This is due to the National Treasury withholding R8,3 million because of slow spending on MIG.	
50.5	Actual fines income is more than the budgeted amount. This is due to more traffic fine income being generated than previously anticipated.	
50.6	The budgeted employee related costs are more than the actual amount. This is due to the vacancies of Municipal Manager, Director: Planning and Development, Director: Technical, Chief Financial Officer and Director: Corporate Services being filled in October 2018.	
50.7	Actual financial costs incurred are more than the budgeted amount. This is mainly due to the interest cost relating to the valuation of post retirement medical obligation, as well as interest charges from the DBSA loans. In addition, interest on outstanding debt was charged by Eskom and Telkom as the municipality had cash flow challenges.	
50.8	The budgeted debt impairment is greater than the actual debt impairment. This is due to the impairment being recognised in the previous financial year for most of the consumer debtors. Refer to note 51 - Prior year adjustments.	
50.9	The budgeted bulk purchases are less than the actual amount. This is due to the amount being incorrectly budgeted for, as insufficient information was provided during the budgeting process.	
50.10	Actual contracted services costs are less than the budgeted amount. This is due to cash flow challenges that precluded the timely conclusion of contracts for the 2018 financial year.	
50.11	Actual general expenses are more than the budgeted amount. This is mostly due to the imputed expenses such as the landfill site provision that were incurred during the year.	
50.12	The loss on scrapping and disposal of assets was not budgeted for.	

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

2018
2017

R
R

51. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2017

	Note	As previously reported	Correction of error	Restated
Consumer debtors		63,404,654	(18,572,004)	44,832,650
Provisions		(19,113,000)	(11,448,000)	(30,561,000)
Property, plant and equipment		578,543,451	(1,168,911)	577,374,540
Intangible assets		144,700	1,822,400	1,967,100
Increase in roads and stormwater		-	4,084,720	4,084,720
Decrease in work in progress		-	(3,235,936)	(3,235,936)
Effect on accumulated surplus		622,979,805	(28,517,731)	594,462,074

Statement of financial performance

2017

	Note	As previously reported	Correction of error	Restated
Increase in property rates		28,117,171	12,625,900	40,743,071
Decrease in consulting and professional fees		4,854,706	1,258,944	6,113,650
Increase in depreciation costs		49,195,939	(605,543)	48,590,396
Increase in debt impairment		-	(31,197,816)	(31,197,816)
Increase in landfill site provision		-	(11,448,000)	(11,448,000)
Effect on profit or loss		82,167,816	(29,366,515)	52,801,301

Errors

The following prior period errors adjustments occurred:

Consumer debtors and provision for doubtful debts

In the previous year, provision for doubtful debts was understated by R31,197,904. This resulted in consumer debtors being overstated by R31,197,904. In addition, prior period receivables were understated due to the revenue of R12,625,900 that was not recognised. Revenue relating to property rates was therefore understated. The error has been adjusted retrospectively.

Provisions and general expenses

In the previous year provision for landfill site was understated by R11,448,000. This resulted in the landfill site carrying value being overstated by R11,448,000 and general expenses being understated by R11,448,000. The error has been adjusted retrospectively.

Property, plant and equipment and depreciation

In the previous years depreciation and accumulated depreciation were understated by R1,168,909. This error resulted in property, plant and equipment being overstated by R1,168,909 and depreciation and operating expenses . The error has since been adjusted retrospectively.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

2018	2017
R	R

51. Irregular expenditure (continued)

Intangible assets and general expenses

In the previous year, costs relating to the acquisition of intangible assets (computer software) were not capitalised. This resulted in general expenses being overstated by R1,822,400 and intangible assets being understated by R1,822,400. The error has been adjusted retrospectively.

Roads and stormwater assets

In the current financial year, it was discovered that certain items of roads and stormwater assets were omitted from the fixed asset register. This resulted in roads and storm water assets being understated by R4,084,720. The items were added to the fixed asset register and the error was corrected retrospectively.

Work in progress

There were differences between the fixed asset register and the trial balance, which resulted in work in progress being overstated by R3,235,936. The error has been corrected retrospectively.

The following reclassifications adjustment occurred:

52. Comparative figures

Certain comparative figures have been reclassified due to the change in the Municipality's Standard Chart of Accounts (MSCOA). In the current year, municipalities were expected to align the chart of accounts to be in line with National Treasury's standard chart of accounts. The change in the chart of accounts resulted in the following changes to the comparative figures:

Increase in contracted services	376,283
Decrease in other expenses	(376,283)
Increase in stores and materials	102,458
Decrease in other expenses	(274,180)
Increase in motor vehicles	171,722
Increase in employee related costs	1,610,769
Decrease in remuneration of councillors	(1,610,769)
Effect on profit or loss	-

53. Deviations

Incidents

Deviations less than R200,000	1,617,331	18,670
Deviations more than R200,000	2,467,257	1,101,550
Other	-	827,713
	4,084,588	1,947,933

Ramotshere Moiloa Local Municipality
Ramotshere Moiloa Local Municipality
Appendix B

June 2016

Analysis of property, plant and equipment as at 30 June 2018
Cost/Revaluation

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	17,356,150	-	-	-	-	-	17,356,150	-	-	-	-	-	-	17,356,150
Landfill Sites (Separate for AFS purposes)	12,488,000	-	-	-	-	-	12,488,000	(2,840,921)	-	-	-	-	(2,840,921)	9,647,079
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	67,555,049	-	(1,468,405)	-	-	-	66,086,644	(45,376,011)	910,411	-	(2,926,739)	-	(47,392,339)	18,694,305
	97,399,199	-	(1,468,405)	-	-	-	95,930,794	(48,216,932)	910,411	-	(2,926,739)	-	(50,233,260)	45,697,534
Infrastructure														
Roads, Pavements & Bridges	625,016,998	-	(4,596,509)	14,740,519	-	-	635,161,008	(253,818,484)	2,576,950	-	-	(16,451,035)	(267,692,569)	367,468,439
Electricity assets	71,881,283	-	-	-	-	-	71,881,283	(28,986,279)	-	-	-	(1,749,334)	(30,735,613)	41,145,670
Wastewater network	2,184	-	-	-	-	-	2,184	-	-	-	-	-	-	2,184
Finance leased assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerages	13,011,798	-	-	-	-	-	13,011,798	-	-	-	-	-	-	13,011,798
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	1,960	-	-	-	-	1,860	1,860
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI Infrastructure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	709,912,263	-	(4,596,509)	14,740,519	-	-	720,056,273	(262,802,903)	2,576,950	-	-	(18,200,369)	(298,426,322)	421,629,951
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	109,740,491	425,000	-	-	-	-	110,165,491	(61,547,341)	-	-	-	-	(61,547,341)	48,618,150
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	109,740,491	425,000	-	-	-	-	110,165,491	(61,547,341)	-	-	-	-	(61,547,341)	48,618,150

Ramotshere Moiloa Local Municipality
Ramotshere Moiloa Local Municipality
Appendix B

June 2018

Analysis of property, plant and equipment as at 30 June 2018
Cost/Revaluation
Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	12,652,677	-	-	-	-	-	12,652,677	(8,482,991)	-	-	-	(1,833,066)	(10,316,057)	2,336,620
Plant & equipment	881,555	18,600	-	-	-	-	900,155	(686,405)	-	-	-	(109,072)	(795,477)	104,678
Computer Equipment	2,219,058	2,641,163	-	-	-	-	4,860,221	(665,863)	-	-	-	(799,395)	(1,665,258)	3,194,963
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	475,779	-	-	-	-	-	475,779	(340,990)	-	-	-	(63,045)	(404,035)	71,744
Office Equipment	334,941	334,625	-	-	-	-	669,566	(208,407)	-	-	-	(45,419)	(253,826)	415,740
Leased assets	2,823,539	-	-	-	-	-	2,823,539	(411,766)	-	-	-	-	(411,766)	2,411,773
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	43,199,721	32,575,021	-	(19,250,239)	3,114,184	-	59,638,687	442,040	-	-	-	-	442,040	60,080,727
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	5,311,861	-	-	-	-	-	5,311,861	(3,604,342)	-	-	-	-	(3,604,342)	1,707,519
Total	67,889,131	35,569,409	-	(19,250,239)	3,114,184	-	87,332,485	(14,158,724)	-	-	-	(2,849,997)	(17,008,721)	70,323,764

Ramotshere Moiloa Local Municipality
Ramotshere Moiloa Local Municipality
Appendix B

June 2018

Analysis of property, plant and equipment as at 30 June 2018
Cost/Revaluation
Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	97 399 199	-	(1 488 405)	-	-	-	95 930 794	(48 216 932)	910 411	-	(2 926 739)	-	(50 233 260)	45 697 534
Infrastructure	709 912 263	-	(4 596 509)	14 740 519	-	-	720 056 273	(282 802 903)	2 576 950	-	-	(18 200 369)	(298 426 322)	421 629 951
Community Assets	109 740 491	425 000	-	-	-	-	110 165 491	(61 547 341)	-	-	-	-	(61 547 341)	48 618 150
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	67 899 131	35 569 409	-	(19 250 239)	3 114 184	-	87 332 485	(14 158 724)	-	-	-	(2 849 997)	(17 008 721)	70 323 764
	984 951 084	35 994 409	(6 084 914)	(4 509 720)	3 114 184	-	1 013 485 043	(406 725 900)	3 487 361	-	(2 926 739)	(21 050 366)	(427 215 644)	586 269 399
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	97 399 199	-	(1 488 405)	-	-	-	95 930 794	(48 216 932)	910 411	-	(2 926 739)	-	(50 233 260)	45 697 534
Infrastructure	709 912 263	-	(4 596 509)	14 740 519	-	-	720 056 273	(282 802 903)	2 576 950	-	-	(18 200 369)	(298 426 322)	421 629 951
Community Assets	109 740 491	425 000	-	-	-	-	110 165 491	(61 547 341)	-	-	-	-	(61 547 341)	48 618 150
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	67 899 131	35 569 409	-	(19 250 239)	3 114 184	-	87 332 485	(14 158 724)	-	-	-	(2 849 997)	(17 008 721)	70 323 764
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	984 951 084	35 994 409	(6 084 914)	(4 509 720)	3 114 184	-	1 013 485 043	(406 725 900)	3 487 361	-	(2 926 739)	(21 050 366)	(427 215 644)	586 269 399